

## Message Text

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C O N F I D E N T I A L USUN 3392

FROM LOS DEL

E.O. 11652: GDS

TAGS: PLOS

SUBJECT: COMMITTEE I WORK SHOP: MAJOR INDUSTRIALIZED STATES

RESPOND TO G-77 PROPOSALS

SUMMARY: ON AUGUST 19 THE US AND OTHER MAJOR INDUSTRIALIZED STATES RESPONDED TO THE DRAFT ARTICLES 22 AND 23 AND SECTIONS OF ANNEX I CIRCULATED BY G-77 ON AUGUST 18. GROUP OF 5 PLUS THE EC AND THE FRG TOOK A CONSISTENTLY FIRM BUT CALMLY REASONED POSITION. PRELIMINARY REACTION FROM THE GROUP OF 77 IS THAT THE SESSION "PUT THE CARDS ON THE TABLE" AND MAY HAVE CLEARED THE ATMOSPHERE IN COMMITTEE I. END SUMMARY.

1. ON THE AFTERNOON OF AUGUST 19, THE FIRST SUBSTANTIVE DISCUSSIONS IN COMMITTEE I THIS SESSION BEGAN WITH THE REACTIONS OF THE MAJOR INDUSTRIALIZED STATES TO THE GROUP OF 77 DRAFT ARTICLE 22, 23, AND RELATED ASPECTS OF ANNEX I. THE U.S., THE EC, THE FRG, JAPAN, THE USSR, THE UK, AND FRANCE, PURSUED THE

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SAME BASIC THEMES:

A. THE GROUP OF 77 PROPOSAL REPRESENTS A SERIOUS RETREAT IN THE NEGOTIATIONS AND DESTROYS THE PARALLEL SYSTEM OF EXPLOITATION WHICH IS THE ONLY BASIS OF AGREEMENT.

B. THE G-77 PROPOSAL GIVES THE AUTHORITY COMPLETE DISCRETION OVER THE AREA, OVER WHETHER OR NOT STATES AND PRIVATE ENTITIES CAN EXPLOIT THE AREA AND PLACES NO LIMITS ON THE DISCRIMINATORY MEASURES THAT CAN BE TAKEN IN FAVOR OF LDCE AND THE ENTERPRISE.

C. THE G-77, IN ITS PROPOSAL, HAS IGNORED THE BASIC REALITIES WHICH MUST BE ADDRESSED IN THE NEGOTIATIONS. THE PROPOSAL PROVIDES NO GUARANTEED ACCESS FOR STATES, AND NO INCENTIVES FOR PRIVATE OPERATORS TO EXPLOIT THE SEABEDS. THIS REPRESENTS A "DE FACTO" PROHIBITION ON ANY EXPLOITATION, SOMETHING WHICH IS NOT IN THE INTEREST OF EITHER THE INDUSTRIALIZED STATES OR THE DEVELOPING WORLD.

D. THE MAJOR INDUSTRIALIZED STATES HAVE MADE BASIC AND OFTEN PAINFUL CONCESSIONS DURING THE COURSE OF NEGOTIATION OVER THE YEARS. THE LATEST G-77 PROPOSAL INDICATES THAT THERE HAS BEEN VIRTUALLY NO MOVEMENT ON ITS PART.

2. THE US AND THE USSR INTRODUCED ALTERNATIVE TEXTS TO THE G-77 PROPOSALS TO UNDERLINE THE BASIC POSITIONS OF THE INDUSTRIALIZED STATES AND TO OFFSET THE G-77 TEXT. THE US TEXT WAS DRAWN FROM THE BOOK OF US AMENDMENTS. THE US ALSO PRESENTED ORALLY THE CHANGES WE REQUIRE IN THE AWARD OF CONTRACT PROVISIONS OF THE RSNT (ARTICLES 28 AND 31). THE USSR TEXT WAS BASED ON ITS GENEVA POSITION. BOTH TEXTS TRANSMITTED SEPTEL.

3. THE UNITY OF THE INDUSTRIALIZED STATES WAS IMPRESSIVE. THE EC AND JAPAN MADE UNCHARACTERISTICALLY STRAIGHT FORWARD AND UNCOMPROMISING STATEMENTS. THE USSR PUT ITS PROTEST TO THE G-77 PROPOSALS IN THE CONTEXT OF SOCIALIST STATE PROBLEMS ABOUT BEING ON AN EQUAL FOOTING WITH PRIVATE ENTERPRISES, PARTICULARLY REGARDING THE VIRTUAL REQUIREMENT THAT STATES AND PRIVATE ENTERPRISES ENTER INTO JOINT

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VENTURES WITH THE AUTHORITY. NEVERTHELESS THE USSR REITERATED THAT THE PARALLEL SYSTEM IS THE ONLY BASIS FOR AGREEMENT, AND MADE IT CLEAR, BY VARIOUS MEANS, THAT IT STOOD FIRMLY WITH THE OTHER INDUSTRIALIZED STATES.

4. THE US (RATINER) BY PREARRANGEMENT WITH THE GROUP OF FIVE AND THE CHAIR (SONDAAL), MADE THE LAST AND LONGEST MAJOR INTERVENTION BY THE INDUSTRIALIZED STATES. IN ADDI-

TION TO THE POINTS ABOVE, THE US EMPHASIZED THAT THE NEGOTIATING MACHINERY OF THE CONFERENCE WAS, TO SOME EXTENT, RESPONSIBLE FOR THE FAILURE TO REACH AGREEMENT. THE US EMPHASIZED THAT THE HISTORY OF SMALL GROUP NEGOTIATING HAS BEEN THAT THE US AND OTHER INDUSTRIALIZED STATES MAKE BINDING COMMITMENTS WHILE THE G-77 COMMITMENTS WERE "AD REFERENDUM". MANY OF THESE "AGREEMENTS" HAD INDEED BEEN REPUDIATED BY THE G-77. IN THIS NEGOTIATING CONTEXT, FINAL POSITIONS COULD NOT BE OFFERED AND AGREEMENT COULD NOT BE REACHED. THE US SAID THAT IT IS IMPERATIVE THAT SOME MECHANISM BE ESTABLISHED BY WHICH REPRESENTATIVES OF GROUPS BE IN A POSITION TO MAKE BINDING COMMITMENTS.

5. AFTER THIS PRESENTATION OF THE VIEWS OF MAJOR INDUSTRIALIZED STATES PERU (DESOTO), SPEAKING FOR THE GROUP OF 77, STATED THAT PREVIOUS SPEAKERS HAD MISINTERPRETED THE INTENT OF THE GROUP OF 77 PROPOSALS. THE GROUP HAD NO INTENTION OF GIVING THE AUTHORITY UNLIMITED DISCRETION OR UNLIMITED CONTROL. AS FOR INDUSTRIALIZED STATES' INSISTENCE THAT THE ENTERPRISE COMPETE ON THE SAME BASIS AS STATES, PERU NOTED THAT IF THE ENTERPRISE HAD NO MEANS TO COMMENCE ACTIVITIES IT WOULD BE UNABLE TO COMPETE AT ALL, AND HE ASKED INDUSTRIALIZED STATES TO ADDRESS THIS PROBLEM (WE HOPE THAT THIS COUPLING OF ACCESS WITH PROVISIONS TO ENABLE THE ENTERPRISE TO FUNCTION WILL EMERGE IN THE G-77).

6. THE WORK SHOP AGREED TO MEET IN THE MORNING ON AUGUST 20 FOR AN EXCHANGE OF QUESTIONS ON THE VARIOUS PROPOSALS SUBMITTED IN THE LAST TWO DAYS.

7. COMMENT: THE STATEMENTS BY THE MAJOR INDUSTRIALIZED STATES WERE CONSISTENT, FIRM, BUT TEMPERED, AND THE CONFIDENTIAL

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INITIAL INFORMAL REACTIONS WE HAVE RECEIVED INDICATE THAT THE LEVEL OF TENSION IN THE COMMITTEE MAY HAVE BEEN REDUCED. AFTER THE MEETING ECQUADOR AND OTHERS SUGGESTED PRIVATELY TO THE US THAT SMALL NEGOTIATING GROUPS BE SET UP. EVEN IF THE ATMOSPHERE IMPROVES, HOWEVER, AND SERIOUS NEGOTIATIONS BEGIN THERE WILL REMAIN A WIDE AND NOT EASILY BRIDGEABLE GAP BETWEEN THE POSITIONS OF THE DEVELOPED STATES AND THE MAJOR LDCS. NEVERTHELESS THERE IS A GLIMMER OF HOPE THAT THERE WILL BE SOME CONSTRUCTIVE WORK IN COMMITTEE I DURING THIS SESSION.  
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